

D. Michael Yoest  
Manager  
Federal Regulatory

SBC Telecommunications, Inc.  
1401 I Sreet, N.W., 4th Floor  
Washington, DC 20005  
Phone: 202.326.8852  
Fax: 202.408.4807



ORIGINAL  
RECEIVED EX PARTE OR LATE FILED

SEP 24 2001

September 21, 2001

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW, Room TW-A325  
Washington, D.C. 20554

RE: Provision of Directory Listing Information; CC Dkt. No. 99-273

Dear Ms. Salas,

On September 21, 2001, the undersigned and Shauna Spratt (via conference call) of SBC, Mary Henze and Dan Fancher (via conference call) of BellSouth, Marie Breslin and Bob Lyons (via conference call) of Verizon, and Clark Conniff (via conference call) of Qwest met with Jeff Carlisle and Greg Cooke of the Common Carrier Bureau to discuss the above-mentioned proceeding.

During the meeting the companies discussed the status of competition in the directory assistance information market and the potential impact of changing 411. A copy of the presentation used during the meeting is attached.

This notice is being filed pursuant to Sec. 1.1206(b)(2) of the Commission's rules. If you have any questions concerning this filing, please do not hesitate to contact me.

Sincerely,

  
Michael Yoest

Attachment  
CC: J. Carlisle  
G. Cooke

No. of Copies rec'd 071  
List A B C D E

# Competition in the Retail Directory Assistance Market: Facts and Issues

September 18, 2001  
BellSouth, SBC, Verizon, and Qwest

## 1. Status of Competition in Directory Assistance Market

- Directory assistance information market is competitive today
- Consumers have numerous choices for accessing DA information
  - Local exchange carrier (ILEC or CLEC)
  - Alternative dialing providers
  - Wireless DA
  - Internet-based, searchable directories
- Market data shows consumers are taking advantage of competition
  - Since 1996, LECs have experienced over 50% reduction in 411 call volume
  - Recent Frost & Sullivan survey estimates that
    - Wireless DA market growth rate is 13.3%
    - Internet DA market growth rate is 32.9%
    - While overall wireline DA market is declining by -2.4%
- Current DA information offerings are high quality
  - Independent audits of LECs show **over 90%** accuracy rate

## 2. FCC Has Been Asked to Change 411 to Promote DA Competition

### ***Arguments vs. Reality About Need for Change***

- Argument 1: LEC control of 411 equates to control of DA info market

#### ***However:***

- Market trends show LECs do not control market, in fact are losing share
- Success of alternative DA providers proves 411 is not barrier to entry

- Argument 2: Consumers would benefit from change in 411

#### ***However:***

- Most customers call 411 infrequently
  - Approx. 80% of customers make three or fewer DA calls/month
  - Approx. 5% of customers account for 80% of DA usage

- Argument 3: Changing 411 would be easy and inexpensive; two proposals offered: 411 presubscription & vacate 411/adopt uniform codes

#### ***However:***

- Both proposals would be confusing for consumers
- Both proposals would be costly to implement
- Both proposals ignore current state regulatory requirements

### 3. Concerns About Current 411 Proposals

- Telegate has offered two proposals
  - 411 Presubscription (Customer would be required to presubscribe to 411 DA provider)
  - Uniform Codes (Vacate 411 and assign every DA provider unique dialing code)
- Both proposals raise significant concerns about customer confusion and costs
  - Since 80% of customers rarely use 411, how many will want to presubscribe?
  - Vacating 411 would require long transition process; confusing, complicated, and expensive
  - Customers who use 411 infrequently likely to be most confused
  - Enabling 411 presubscription would require significant network changes; technically difficult and expensive
  - Who would pay? All consumers even though many don't use?
  - Any uniform code system raises numbering resource issues
- Proposals ignore state regulatory requirements
  - Almost every state has free 411 call allowances (avg. of 2.4 calls) for all consumers and unlimited free calls for special communities
    - Who would provide allowances?
    - How would they be enforced?
  - States impose 411 call answer time and service quality requirements
    - Lengthy transition messages would violate answer time rules
  - Under proposals, all DA providers should have same regulatory requirements
    - But many not subject to state jurisdiction

#### **4. There is No Need to Change 411**

- Changing 411 would be disruptive to consumers
- Consumers are not demanding change
- DA information market is competitive, robust and innovative
- Telegate's claims about US market and quality of DA service are unsubstantiated
- Presubscription and Uniform Codes would be costly to implement
- Potential costs of changing 411 far outweigh presumed benefits
- Market dynamics should be allowed to prevail